

HOUSE BILL NO. 615

INTRODUCED BY G. MACLAREN

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN ONLINE MOTOR VEHICLE LIABILITY INSURANCE VERIFICATION SYSTEM; PROVIDING FOR LAW ENFORCEMENT USE OF THE SYSTEM; PROVIDING FOR A FUNDING MECHANISM AND OPERATING ACCOUNT FOR THE VERIFICATION SYSTEM; RAISING CERTAIN VEHICLE REGISTRATION FEES; ALLOWING THE DEPARTMENT OF JUSTICE TO SET REINSTATEMENT AND AUTHORIZED USER FEES; ALLOWING INSURERS TO DISCLOSE CERTAIN INFORMATION TO BE USED IN THE SYSTEM; GRANTING THE DEPARTMENT RULEMAKING AUTHORITY TO ADMINISTER THE SYSTEM; AMENDING SECTIONS 33-19-306, 61-3-321, 61-6-101, 61-6-102, 61-6-103, 61-6-105, AND 61-6-302, MCA; REPEALING SECTION 61-6-106, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Creation of online motor vehicle liability insurance verification system.

(1) The department, in cooperation with the commissioner of insurance, shall establish an accessible common carrier-based motor vehicle liability insurance verification system to verify the compliance of a motor vehicle owner or operator with motor vehicle liability policy requirements under 61-6-103, 61-6-301, and 61-6-302 and facilitate or monitor proof of financial responsibility filings under 61-6-133 and ~~61-6-135~~ 61-6-134.

(2) The department may contract with a private vendor or vendors to establish and maintain the system.

(3) The system must:

(a) send requests to insurers for verification of motor vehicle liability insurance using electronic services established by the insurers, through the internet, world wide web, or a similar proprietary or common carrier electronic system in compliance with the specifications and standards of the insurance industry committee on motor vehicle administration and other applicable industry standards, ~~with enhancements, additions, and modifications as required by the department;~~

(b) include appropriate provisions to secure its data against unauthorized access and to maintain a record of all requests and responses;

(c) be accessible, without fee, to authorized personnel of the department, the courts, law enforcement

personnel, and, as determined by the department and upon payment of the appropriate fee, any other entities authorized by the department COUNTY TREASURERS, AND AUTHORIZED AGENTS UNDER THE PROVISIONS OF 61-3-116;

(d) interface, wherever possible, with existing department and law enforcement systems;

(e) ~~include information provided by direct inquiry into insurers' records and information the department requires insurers to report, such as insurance policy data, as prescribed by the department~~ RECEIVE INSURANCE DATA FILE TRANSFERS FROM INSURERS UNDER SPECIFICATIONS AND STANDARDS SET FORTH IN SUBSECTION (3)(A) TO IDENTIFY VEHICLES THAT ARE NOT COVERED BY AN INSURANCE POLICY;

(f) provide a means by which low-volume insurers that are unable to deploy an online interface with the system can report insurance policy data to the department or its designee for inclusion in the system;

(g) provide a means to track separately or distinguish motor vehicles that are subject to a certificate of self-insurance under 61-6-143, a surety or indemnity bond under 61-6-137 or 61-6-301, or a deposit of cash or securities under 61-6-138;

(h) be available 24 hours a day, 7 days a week, SUBJECT TO REASONABLE ALLOWANCES FOR SCHEDULED MAINTENANCE OR TEMPORARY SYSTEM FAILURES, to verify the insurance status of any vehicle in a manner prescribed by the department; and

(i) be installed and operational no later than July 1, 2011, following an appropriate testing period OF NOT LESS THAN 6 MONTHS.

(4) The provisions of Title 2, chapter 6, parts 1 and 2, do not apply to the information contained in the verification system.

(5) Every insurer shall cooperate with the department in establishing and maintaining the system and shall provide access to motor vehicle liability policy status information to verify liability coverage for:

(A) a vehicle insured by that company that is registered in this state; AND

(B) IF AVAILABLE, FOR A VEHICLE THAT IS INSURED BY THAT COMPANY or that is operated in this state AND THAT IS THE SUBJECT OF AN ACCIDENT INVESTIGATION regardless of where the vehicle is registered.

NEW SECTION. Section 2. Law enforcement use of verification system. (1) Notwithstanding the requirements of 61-6-302, a peace officer or authorized employee of a law enforcement agency may, during the course of a traffic stop or accident investigation, access the verification system provided under [section 1] to verify whether a motor vehicle, ~~an operator subject to a traffic stop, or a motor vehicle or operator involved in an accident~~ is covered by ~~or has~~ a valid motor vehicle liability policy that meets the requirements of 61-6-103 and

1 61-6-301.

2 (2) ~~(A) The~~ EXCEPT AS PROVIDED IN SUBSECTION (2)(B), THE response received from the system
3 supersedes an insurance card produced by a vehicle owner or operator, and notwithstanding the display of an
4 insurance card by the owner or operator, the peace officer may issue a complaint and notice to appear to the
5 owner or operator for a violation of 61-6-301 or 61-6-302.

6 (B) SUBSECTION (2)(A) DOES NOT APPLY IF THE VEHICLE IS:

7 (I) COVERED UNDER A COMMERCIAL AUTOMOBILE INSURANCE COVERAGE POLICY;

8 (II) PART OF A SELF-INSURED FLEET AS PROVIDED IN 61-6-143; OR

9 (III) INCLUDED IN AN INSURANCE BINDER, AS ALLOWED BY 33-15-411, THAT HAS NOT BEEN ENTERED INTO THE
10 SYSTEM AT THE TIME THE SYSTEM IS ACCESSED UNDER SUBSECTION (1) OF THIS SECTION.

11 (3) EXCEPT UPON REASONABLE CAUSE TO BELIEVE THAT A DRIVER HAS VIOLATED ANOTHER TRAFFIC REGULATION
12 OR THAT THE DRIVER'S VEHICLE IS UNSAFE OR NOT EQUIPPED AS REQUIRED BY LAW, A PEACE OFFICER MAY NOT USE THE
13 VERIFICATION SYSTEM TO STOP A DRIVER FOR OPERATING A MOTOR VEHICLE IN VIOLATION OF 61-6-301.

14
15 **NEW SECTION. Section 3. Online motor vehicle liability insurance verification operating account.**

16 (1) There is an online motor vehicle liability insurance verification operating account ~~of the enterprise fund type~~
17 IN THE STATE SPECIAL REVENUE FUND, as provided in 17-2-102.

18 (2) Fees imposed under 61-3-321(20) or established and collected under 61-6-105 must be deposited
19 in the account.

20 (3) The money in the online motor vehicle liability insurance verification operating account must be used
21 by the department to pay costs directly incurred in the operation, maintenance, and enhancement of the online
22 motor vehicle liability insurance verification system established under [section 1].

23
24 **Section 4.** Section 33-19-306, MCA, is amended to read:

25 **"33-19-306. Disclosure limitations and conditions.** (1) Except as provided in this section, a licensee
26 may not disclose personal or privileged information about an individual collected or received in connection with
27 an insurance transaction.

28 (2) Disclosure may be made with the written authorization of the individual. The authorization must be
29 in the form provided in 33-19-206.

30 (3) Disclosure limited to that which is reasonably necessary may be made to a person to enable the

1 person to provide information to the disclosing licensee for the purpose of detecting or preventing criminal activity,
2 fraud, material misrepresentation, or material nondisclosure in connection with an insurance transaction. A person
3 to whom information is disclosed pursuant to this subsection shall agree in writing not to further disclose the
4 information, but this requirement for an agreement does not prevent disclosure of information that is necessary
5 to obtain further information for the purposes set forth in this subsection.

6 (4) (a) Disclosure may be made between licensees if the information disclosed is limited to that which
7 is reasonably necessary:

8 (i) to detect or prevent criminal activity, fraud, material misrepresentation, or material nondisclosure in
9 connection with insurance transactions; or

10 (ii) for either the disclosing or receiving licensee to perform its insurance function.

11 (b) A licensee receiving information pursuant to this subsection (4) may not further disclose the
12 information unless otherwise permitted by this section.

13 (5) Disclosure may be made to a medical care institution, a medical professional, or the individual to
14 whom the information pertains if that information is reasonably necessary for the following purposes:

15 (a) verifying insurance coverage or benefits;

16 (b) informing an individual of a medical problem of which the individual may not be aware;

17 (c) conducting an operations or services audit; or

18 (d) determining the reasonableness or necessity of medical services.

19 (6) Disclosure:

20 (a) may be made to an insurance regulatory authority;

21 (b) must be made as required by law; and

22 (c) must be or may be made to the commissioner as required or permitted by law.

23 (7) Disclosure may be made by a licensee or an insurance-support organization to a law enforcement
24 or other government authority or to an insurance regulatory agency:

25 (a) to protect the interests of a licensee in preventing, investigating, or prosecuting the perpetration of
26 fraud upon a licensee; ~~or~~

27 (b) if the licensee or insurance-support organization reasonably believes that illegal activities have been
28 conducted by the individual; or

29 (c) as provided in [section 1].

30 (8) Disclosure that is limited to that which is reasonably necessary may be made as otherwise permitted

1 or required by law.

2 (9) Disclosure that is limited to that which is reasonably necessary may be made in response to a facially
3 valid administrative or judicial order, including a search warrant or subpoena.

4 (10) (a) Except as provided in subsection (10)(b), disclosure that is limited to that which is reasonably
5 necessary may be made for the purpose of conducting actuarial or research studies if:

6 (i) an individual is not identified in any actuarial or research report;

7 (ii) materials allowing the individual to be identified are returned or destroyed as soon as they are no
8 longer needed; and

9 (iii) the actuarial or research organization agrees not to further disclose the information without the
10 individual's separate, written authorization.

11 (b) Disclosure of information may be made for:

12 (i) health research that is subject to the approval of an institutional review board and the requirements
13 of federal law and regulations governing biomedical research; or

14 (ii) epidemiological or drug therapy outcomes research that requires information that has been made
15 anonymous to protect the identity of the patient through coding or encryption.

16 (11) Disclosure may be made to a party or a representative of a party to a proposed sale, transfer,
17 merger, or consolidation of all or part of the business of the licensee or insurance-support organization if:

18 (a) prior to the consummation of the sale, transfer, merger, or consolidation only information is disclosed
19 that is reasonably necessary to enable the recipient to make business decisions about the purchase, transfer,
20 merger, or consolidation; and

21 (b) the recipient agrees not to further disclose the information without the individual's separate, written
22 authorization.

23 (12) (a) Disclosure that is limited to that which is reasonably necessary may be made to a licensee's
24 affiliate as follows:

25 (i) to allow use of the information in connection with an audit of the licensee;

26 (ii) to enable a licensee to perform an insurance function; or

27 (iii) as allowed by 33-19-307.

28 (b) A licensee disclosing pursuant to this section must have a written agreement with the affiliate that
29 the affiliate will not use or further disclose information received except to carry out the purposes set forth in
30 subsection (12)(a) and that if further disclosure is necessary to meet those purposes, the disclosure will be made

1 only to the licensee or to a person who agrees in writing to be bound by the same prohibition on use and
2 disclosure. A disclosure allowed by 33-19-307 is governed by that section.

3 (13) Disclosure that is limited to that which is reasonably necessary may be made to an
4 insurance-support organization to perform insurance-support services for the licensee. The insurance-support
5 organization may redisclose the information to the extent necessary to provide its services to its member or
6 subscriber licensees and other insurance-support organizations or as otherwise permitted by law, but not for a
7 marketing purpose.

8 (14) Disclosure may be made to a group policyholder for the purpose of reporting claims experience or
9 conducting an audit of the licensee's operations or services if the information disclosed is reasonably necessary
10 for the group policyholder to conduct the review or audit and the group policyholder agrees not to further disclose
11 the information without the individual's separate, written authorization. Medical record information disclosed
12 pursuant to this subsection must be edited to prevent the identification of the applicant, policyholder, or certificate
13 holder. Employer audits that are required by the Employee Retirement Income Security Act of 1974, 29 U.S.C.
14 1001, et seq., as amended, are not subject to the provisions of this subsection.

15 (15) Disclosure that is limited to that which is reasonably necessary may be made to a professional peer
16 review organization for the purpose of reviewing the service or conduct of a medical care institution or medical
17 professional if the professional peer review organization agrees not to further disclose the information without the
18 individual's separate, written authorization.

19 (16) Disclosure that is limited to that which is reasonably necessary may be made to a governmental
20 authority as required by federal or state law or for the purpose of determining the individual's eligibility for health
21 benefits for which the governmental authority may be liable.

22 (17) Disclosure that is limited to that which is reasonably necessary may be made to a certificate holder
23 or policyholder for the purpose of providing information regarding the status of an insurance transaction.
24 Disclosure pursuant to this subsection may not be made to a group policyholder without a separate, written
25 authorization from the individual.

26 (18) Disclosure may be made to a person contractually engaged to provide services to enable a licensee
27 to perform an insurance function, or to perform an insurance function on behalf of a licensee, if the person agrees
28 in writing that the person will not use or further disclose information obtained or developed pursuant to the
29 engagement except to carry out the limited purpose of the engagement and that if further disclosure is necessary
30 to perform the insurance function, that disclosure will be made only to the licensee or to a person who agrees in

1 writing to be bound by the same prohibitions on use and disclosure.

2 (19) If a licensee has to disclose personal or privileged information in order to perform an insurance
3 function and disclosure is not permitted under another exception in this section, disclosure may be made to a
4 person other than a licensee if the disclosure is limited to that which is reasonably necessary to enable the person
5 to perform services or an insurance function for the disclosing licensee and if the person is notified by the licensee
6 that the person is prohibited from:

7 (a) using the information other than to carry out the limited purpose for which the information is disclosed;
8 and

9 (b) disclosing the information other than to the licensee and as allowed in subsection (3).

10 (20) Disclosure may be made to a lienholder, mortgagee, assignee, lessor, or other person shown on
11 the records of an insurance institution or insurance producer as having a legal interest in a policy of insurance
12 if:

13 (a) medical record information is not disclosed; and

14 (b) the information disclosed is limited to that which is reasonably necessary to permit the person with
15 a legal interest in the policy to protect that person's interests in that policy.

16 (21) Disclosure may be made to provide information to insurance rate advisory organizations, guaranty
17 funds or agencies, agencies that are rating a licensee, persons that are assessing the licensee's compliance with
18 industry standards, and the licensee's attorneys, accountants, and auditors if the disclosure is limited to that which
19 is reasonably necessary to enable the person or entity to perform services or an insurance function for the
20 disclosing licensee and if the person or entity is notified by the licensee that the person or entity is prohibited from
21 using the information, other than to carry out the limited purpose for which the information is disclosed.

22 (22) Notwithstanding any other provision of this chapter, disclosure for a marketing purpose may be made
23 only as allowed by 33-19-307.

24 (23) Nothing in this section may be construed to prevent the disclosure of personal information that is
25 otherwise discoverable pursuant to the Montana Rules of Civil Procedure.

26 (24) The commissioner may adopt rules creating additional exceptions to disclosure restrictions for the
27 purpose of allowing a licensee or insurance-support organization to carry out a necessary insurance function.
28 The commissioner shall adopt rules establishing the methods that must be used by licensees to prevent
29 identification as described in subsection (14)."

30

1 **Section 5.** Section 61-3-321, MCA, is amended to read:

2 **"61-3-321. Registration fees of vehicles and vessels -- certain vehicles exempt from registration**
3 **fees -- disposition of fees.** (1) Except as otherwise provided in this section, registration fees must be paid upon
4 registration or, if applicable, renewal of registration of motor vehicles, snowmobiles, watercraft, trailers,
5 semitrailers, and pole trailers as provided in subsections (2) through ~~(19)~~ (20):

6 (2) Unless a light vehicle is permanently registered under 61-3-562, the annual registration fee for light
7 vehicles, trucks and buses under 1 ton, and logging trucks less than 1 ton is as follows:

8 (a) if the vehicle is 4 or less years old, \$217;

9 (b) if the vehicle is 5 through 10 years old, \$87; and

10 (c) if the vehicle is 11 or more years old, \$28;

11 (3) Except as provided in subsection (14), the one-time registration fee based on the declared weight
12 of a trailer, semitrailer, or pole trailer is as follows:

13 (a) if the declared weight is less than 6,000 pounds, \$61.25; or

14 (b) if the declared weight is 6,000 pounds or more, \$148.25.

15 (4) Except as provided in subsection (14), the one-time registration fee for motor vehicles owned and
16 operated solely as collector's items pursuant to 61-3-411, based on the weight of the vehicle, is as follows:

17 (a) 2,850 pounds and over, \$10; and

18 (b) under 2,850 pounds, \$5.

19 (5) Except as provided in subsection (14), the one-time registration fee for off-highway vehicles other
20 than a quadricycle or motorcycle is \$61.25.

21 (6) The annual registration fee for heavy trucks, buses, and logging trucks in excess of 1 ton is \$22.75.

22 (7) (a) The annual registration fee for a motor home, based on the age of the motor home, is as follows:

23 (i) less than 2 years old, \$282.50;

24 (ii) 2 years old and less than 5 years old, \$224.25;

25 (iii) 5 years old and less than 8 years old, \$132.50; and

26 (iv) 8 years old and older, \$97.50.

27 (b) The owner of a motor home that is 11 years old or older and that is subject to the registration fee
28 under this section may permanently register the motor home upon payment of:

29 (i) a one-time registration fee of \$237.50; and

30 (ii) if applicable, five times the renewal fees for personalized license plates under 61-3-406.

(8) (a) Except as provided in subsection (14), the one-time registration fee for motorcycles and quadricycles registered for use on public highways is \$53.25, and the one-time registration fee for motorcycles and quadricycles registered for both off-road use and for use on the public highways is \$114.50.

(b) An additional fee of \$16 must be collected for the registration of each motorcycle or quadricycle as a safety fee, which must be deposited in the state motorcycle safety account provided for in 20-25-1002.

(9) Except as provided in subsection (14), the one-time registration fee for travel trailers, based on the length of the travel trailer, is as follows:

(a) under 16 feet in length, \$72; and

(b) 16 feet in length or longer, \$152.

(10) Except as provided in subsection (14), the one-time registration fee for a motorboat, sailboat, personal watercraft, or motorized pontoon required to be numbered under 23-2-512 is as follows:

(a) for a personal watercraft or a motorboat, sailboat, or motorized pontoon less than 16 feet in length, \$65.50;

(b) for a motorboat, sailboat, or motorized pontoon at least 16 feet in length but less than 19 feet in length, \$125.50; and

(c) for a motorboat, sailboat, or motorized pontoon 19 feet in length or longer, \$295.50.

(11) (a) Except as provided in subsections (11)(b) and (14), the one-time registration fee for a snowmobile is \$60.50.

(b) (i) A snowmobile that is licensed by a Montana business and is owned exclusively for the purpose of daily rental to customers is assessed:

(A) a fee of \$40.50 in the first year of registration; and

(B) if the business reregisters the snowmobile for a second year, a fee of \$20.

(ii) If the business reregisters the snowmobile for a third year, the snowmobile must be permanently registered and the business is assessed the registration fee imposed in subsection (11)(a).

(12) A fee of \$5 must be collected when a new set of standard license plates, a new single standard license plate, or a replacement set of special license plates required under 61-3-332 is issued. The \$5 fee imposed under this subsection does not apply when previously issued license plates are transferred under 61-3-335. All registration fees imposed under this section must be paid if the vehicle to which the plates are transferred is not currently registered.

(13) The provisions of this part with respect to the payment of registration fees do not apply to and are

not binding upon motor vehicles, trailers, semitrailers, snowmobiles, watercraft, or tractors owned or controlled by the United States of America or any state, county, city, or special district, as defined in 18-8-202, or to a vehicle or vessel that meets the description of property exempt from taxation under 15-6-201(1)(a), (1)(c), (1)(d), (1)(e), (1)(f), (1)(g), (1)(i), (1)(j), (1)(l), or (1)(m), 15-6-203, or 15-6-215, except as provided in 61-3-520.

(14) Whenever ownership of a trailer, semitrailer, pole trailer, off-highway vehicle, motorcycle, quadricycle, travel trailer, motor home, motorboat, sailboat, personal watercraft, motorized pontoon, snowmobile, or motor vehicle owned and operated solely as a collector's item pursuant to 61-3-411 is transferred, the new owner shall title and register the vehicle or vessel as required by this chapter and pay the fees imposed under this section.

(15) A person eligible for a waiver under 61-3-460 is exempt from the fees required under this section.

(16) Except as otherwise provided in this section, revenue collected under this section must be deposited in the state general fund.

(17) The fees imposed by subsections (2) through (11) are not required to be paid by a dealer for the enumerated vehicles or vessels that constitute inventory of the dealership.

(18) (a) Unless a person exercises the option in subsection (18)(b), an additional fee of \$4 must be collected for each light vehicle registered under this part. This fee must be accounted for and transmitted separately from the registration fee. The fee must be deposited in an account in the state special revenue fund to be used for state parks, for fishing access sites, and for the operation of state-owned facilities. Of the \$4 fee, the department of fish, wildlife, and parks shall use \$3.50 for state parks, 25 cents for fishing access sites, and 25 cents for the operation of state-owned facilities at Virginia City and Nevada City.

(b) A person who registers a light vehicle may, at the time of annual registration, certify that the person does not intend to use the vehicle to visit state parks and fishing access sites and may make a written election not to pay the additional \$4 fee provided for in subsection (18)(a). If a written election is made, the fee may not be collected.

(19) For each light vehicle, trailer, semitrailer, pole trailer, heavy truck, motor home, motorcycle, quadricycle, and travel trailer subject to a registration fee under this section, an additional fee of \$5 must be collected and forwarded to the state for deposit in the account established in 44-1-504.

(20) (a) Until December 31, 2011, for each light vehicle, trailer, semitrailer, pole trailer, heavy truck, motor home, motorcycle, quadricycle, and travel trailer subject to a registration fee under this section, an additional fee of \$1 must be collected and forwarded to the state for deposit in the online motor vehicle liability insurance

1 verification account established in [section 3].

2 (b) Beginning January 1, 2012, for each light vehicle, trailer, semitrailer, pole trailer, heavy truck, motor
3 home, motorcycle, quadricycle, and travel trailer subject to a registration fee under this section, an additional fee
4 of 50 cents must be collected and forwarded to the state for deposit in the online motor vehicle liability insurance
5 verification account established in [section 3].

6 (21) This section does not apply to a motor vehicle, trailer, semitrailer, or pole trailer that is governed by
7 61-3-721."

8
9 **Section 6.** Section 61-6-101, MCA, is amended to read:

10 **"61-6-101. Short title.** This part may be cited as the "Motor Vehicle ~~Safety-Responsibility Insurance~~
11 Responsibility and Verification Act"."

12
13 **Section 7.** Section 61-6-102, MCA, is amended to read:

14 **"61-6-102. Definitions.** As used in this part, unless the context clearly indicates a different meaning,
15 the following definitions apply:

16 (1) "COMMERCIAL AUTOMOBILE INSURANCE COVERAGE" MEANS ANY COVERAGE PROVIDED TO AN INSURED,
17 REGARDLESS OF NUMBER OF VEHICLES OR ENTITIES COVERED, UNDER A COMMERCIAL, GARAGE, OR TRUCKERS COVERAGE
18 FORM AND RATED FROM A COMMERCIAL MANUAL OR RATING RULE. VEHICLE TYPE AND OWNERSHIP ARE NOT THE PRIMARY
19 FACTORS IN UNDERWRITING THE COVERAGE OR RATING THE COVERAGE. THE RATING MAY BE SUBJECT TO INDIVIDUAL RISK
20 CHARACTERISTICS, INCLUDING BUT NOT LIMITED TO EXPERIENCE RATING, SCHEDULE RATING, LOSS RATING, OR
21 DEDUCTIBLE RATING.

22 (1)(2) "Insurer" means an authorized insurer, as defined in 33-1-201, who issues or renews a motor
23 vehicle liability policy.

24 (1)(2)(3) "Judgment" means any judgment that has become final by expiration without appeal of the time
25 within which an appeal might have been perfected or by final affirmation on appeal rendered by a court of
26 competent jurisdiction of any state or of the United States upon a cause of action arising out of the ownership,
27 maintenance, or use of any motor vehicle, for damages, including damages for care and loss of services, because
28 of bodily injury to or death of any person or for damages because of injury to or destruction of property, including
29 the loss of use of property, or upon a cause of action on an agreement of settlement for damages.

30 (2)(3)(4) "License" means any a driver's license as defined in 61-1-101, temporary instruction permit,

1 ~~or temporary license issued under the laws of this state pertaining to the licensing of persons to operate motor~~
2 ~~vehicles.~~

3 (5) "LOW-VOLUME INSURER" MEANS AN INSURER THAT PROVIDES MOTOR VEHICLE LIABILITY POLICIES FOR FEWER
4 THAN 500 VEHICLES IN THIS STATE.

5 ~~(4)(6)~~ (a) "Motor vehicle liability policy" means a policy of insurance issued or renewed by an insurer to
6 a person who owns or operates a motor vehicle that meets or exceeds the minimum coverage limits under
7 61-6-103, including a policy certified as provided in 61-6-133 as proof of financial responsibility.

8 (b) A certificate filed for a nonresident as proof of financial responsibility under 61-6-134 must be treated
9 as a motor vehicle liability policy under this part.

10 ~~(3)(5)(7)~~ "Nonresident's operating privilege" means the privilege conferred upon a nonresident by the
11 laws of this state pertaining to the operation by the nonresident of a motor vehicle or the use of a motor vehicle
12 owned by the nonresident in this state.

13 ~~(4)(6)(8)~~ "Person" means every natural person, firm, partnership, association, or corporation.

14 ~~(5)(7)(9)~~ "Proof of financial responsibility" means proof of ability to respond in damages for liability on
15 account of accidents occurring subsequent to the effective date of the proof of financial responsibility, arising out
16 of the ownership, maintenance, or use of a motor vehicle.

17 ~~(6)(8)(10)~~ "State" means any state, territory, or possession of the United States, the District of Columbia,
18 or any province of the Dominion of Canada.

19 ~~(9)(11)~~ "Suspension" means the withdrawal by action of the department of a motor vehicle's registration,
20 as defined in 61-1-101, for a period of time prescribed by department rule.

21 ~~(10)(12)~~ "System" means the online motor vehicle liability insurance verification system created in [section
22 11.]

23
24 **Section 8.** Section 61-6-103, MCA, is amended to read:

25 **"61-6-103. Motor vehicle liability policy defined minimum limits -- other requirements.** (1) ~~A "motor~~
26 ~~vehicle liability policy", as the term is used in this part, means an owner's or operator's policy of liability insurance,~~
27 ~~certified as provided in 61-6-133 or 61-6-134 as proof of financial responsibility and issued, except as otherwise~~
28 ~~provided in 61-6-134, by an insurance carrier duly authorized to transact business in this state, to or for the~~
29 ~~benefit of the person named therein as insured.~~

30 ~~—— (2) The owner's policy of liability insurance~~ A motor vehicle liability policy must:

(a) designate by explicit description or by appropriate reference all motor vehicles with respect to which the coverage is thereby to be granted; and

(b) insure the person named ~~therein~~ in the policy and any other person, as insured, using any motor vehicle or motor vehicles with the express or implied permission of the named insured, against loss from the liability imposed by law for damages arising out of the ownership, maintenance, or use of the motor vehicle or motor vehicles within the United States of America or the Dominion of Canada, subject to limits exclusive of interest and costs, with respect to each motor vehicle, as follows:

(i) \$25,000 because of bodily injury to or death of one person in any one accident and subject to ~~said~~ the limit for one person;

(ii) \$50,000 because of bodily injury to or death of two or more persons in any one accident; and

(iii) \$10,000 because of injury to or destruction of property of others in any one accident.

~~(3)(2)~~ An operator's policy of liability insurance must insure the person named as insured ~~therein~~ in the policy against loss from the liability imposed upon ~~him~~ the operator by law for damages arising out of the use by ~~him~~ the operator of any motor vehicle not owned by ~~him~~ the operator, within the same territorial limits and subject to the same limits of liability ~~as that~~ are set forth ~~above~~ in subsection (1) with respect to the operator's policy of liability insurance.

~~(4)(3)~~ A motor vehicle liability policy must state the name and address of the named insured, the coverage afforded by the policy, the premium charged ~~therefor~~ for the policy, the policy period, and the limits of liability and contain an agreement or be endorsed that insurance is provided ~~thereunder~~ under the policy in accordance with the coverage defined in this part as respects bodily injury and death or property damage, or both, and is subject to all the provisions of this part.

~~(5)(4)~~ A motor vehicle liability policy need not insure any liability under any workers' compensation law or any liability on account of bodily injury to or death of an employee of the insured while engaged in the employment, other than domestic, of the insured or while engaged in the operation, maintenance, or repair of a motor vehicle or any liability for damage to property owned by, rented to, in charge of, or transported by the insured.

~~(6)(5)~~ A motor vehicle liability policy is subject to the following provisions, which need not be contained ~~therein~~ in the policy:

(a) The liability of the insurance carrier with respect to the insurance required by this part becomes absolute whenever injury or damage covered by the motor vehicle liability policy occurs. The policy may not be

1 canceled or annulled as to the liability by any agreement between the insurance carrier and the insured after the
2 occurrence of the injury or damage. ~~No~~ A statement made by the insured or on ~~his~~ his behalf of the insured and ~~no~~
3 a violation of the policy may not defeat or void the policy.

4 (b) The satisfaction by the insured of a judgment for the injury or damage may not be a condition
5 precedent to the right or duty of the insurance carrier to make payment on account of the injury or damage.

6 (c) The insurance carrier has the right to settle any claim covered by the policy, and if the settlement is
7 made in good faith, the amount is deductible from the limits of liability specified in subsection ~~(2)(b)~~ (1)(b).

8 (d) The policy, the written application ~~therefor~~ for the policy, if any, and any rider or endorsement ~~which~~
9 that does not conflict with the provisions of this part constitute the entire contract between the parties.

10 ~~(7)(6)~~ A motor vehicle policy is not subject to cancellation, termination, nonrenewal, or premium increase
11 due to injury or damage incurred by the insured or operator unless the insured or operator is found to have
12 violated a traffic law or ordinance of the state or a city, is found negligent or contributorily negligent in a court of
13 law or by the arbitration proceedings contained in chapter 5 of Title 27, or pays damages to another party,
14 whether by settlement or otherwise. ~~In no event may a~~ A premium may not be increased during the term of the
15 policy unless there is a change in exposure.

16 ~~(8)(7)~~ Any policy ~~which~~ that grants the coverage required for a motor vehicle liability policy may also
17 grant any lawful coverage in excess of or in addition to the coverage specified for a motor vehicle liability policy,
18 and the excess or additional coverage is not subject to the provisions of this part. With respect to a policy ~~which~~
19 that grants the excess or additional coverage, the term "motor vehicle liability policy" applies only to that part of
20 the coverage ~~which~~ is required by this section.

21 ~~(9)(8)~~ Any A motor vehicle liability policy may provide that the insured shall reimburse the insurance
22 carrier for any payment the insurance carrier would not have been obligated to make under the terms of the policy
23 except for the provisions of this part.

24 ~~(10)(9)~~ Any A motor vehicle liability policy may provide for the prorating of the insurance ~~thereunder~~ under
25 the policy with other valid and collectible insurance.

26 ~~(11)(10)~~ The requirements for a motor vehicle liability policy may be fulfilled by the policies of one or more
27 insurance carriers, which policies together meet ~~such~~ the requirements.

28 ~~(12)(11)~~ Any A binder issued pending the issuance of a motor vehicle liability policy fulfills the
29 requirements for ~~such~~ a policy.

30 ~~(13)(12)~~ A reduced limits endorsement may not be issued by ~~any~~ a company to be attached to ~~any~~ a

1 policy issued in compliance with this section."

2
3 **Section 9.** Section 61-6-105, MCA, is amended to read:

4 **"61-6-105. Department to administer law and make rules.** (1) The department shall administer and
5 enforce the provisions of this part and may make rules necessary for its administration of the online motor vehicle
6 liability insurance verification system.

7 (2) The rules must:

8 (a) establish standards and procedures for accessing the system by authorized personnel of the
9 department, the courts, law enforcement personnel, and any other entities authorized by the department THAT
10 ARE CONSISTENT WITH SPECIFICATIONS AND STANDARDS OF THE INSURANCE INDUSTRY COMMITTEE ON MOTOR VEHICLE
11 ADMINISTRATION AND OTHER APPLICABLE INDUSTRY STANDARDS;

12 (b) provide for the suspension of a vehicle's registration if:

13 (i) a person fails to respond to a written inquiry from the department or its designee concerning the
14 insurance status of a vehicle;

15 (ii) a person misrepresents or provides false information to the department or its designee regarding the
16 operational status or use of a vehicle for which liability insurance is mandatory;

17 (iii) the department has reason to believe that a vehicle owner is not complying with the mandatory liability
18 insurance provisions of 61-6-301; or

19 (iv) the department receives a report from a court that a person has been convicted of a violation of
20 61-6-301 or 61-6-302 and the surrender of the vehicle registration receipt and license plates under 61-6-304 has
21 been ordered;

22 (c) prohibit the reinstatement of a vehicle's registration and the new registration of a vehicle unless the
23 applicable reinstatement fees have been paid;

24 (d) set a fee for the reinstatement of a vehicle's registration following a suspension imposed by the
25 department. The fee may not exceed \$100 and is in addition to any other fine or penalty prescribed by law.

26 ~~_____ (e) set a fee for third-party access to the verification system by authorized commercial businesses,~~
27 ~~including but not limited to lenders, rental car and truck companies, vehicle leasing companies, and vehicle~~
28 ~~dealers, only for the purpose of verifying vehicle insurance or for insurance companies only for the purpose of~~
29 ~~investigating potential insurance fraud and claims;~~

30 ~~(f)(E) provide for periodic batch reporting of motor vehicle liability policy data by insurers to the system~~

~~in terms of monitoring or reducing noncompliance~~ INSURANCE DATA FILE TRANSFERS FROM INSURERS UNDER SPECIFICATIONS AND STANDARDS SET FORTH IN [SECTION 1] TO IDENTIFY VEHICLES THAT ARE NOT COVERED BY AN INSURANCE POLICY AND TO MONITOR ONGOING COMPLIANCE with mandatory vehicle liability insurance requirements;

and

~~(g)(F) may provide for hearings upon request of persons~~ a hearing for a person aggrieved by ~~orders or acts of a suspension order issued by~~ the department under the provisions of this part.

(3) The department may adopt additional rules to:

~~(a) guide insurers in providing the information necessary for compliance with the system;~~

~~(b)(A) assist authorized users in interpreting responses received from the system and determining the appropriate action to be taken as a result of a response; and~~

~~(c)(B) otherwise clarify system operations and business rules."~~

Section 10. Section 61-6-302, MCA, is amended to read:

"61-6-302. Proof of compliance. (1) The registration receipt required by 61-3-322 must contain a statement that unless the vehicle is eligible for an exemption under 61-6-303, it is unlawful to operate the vehicle without a valid motor vehicle liability insurance policy, a certificate of self-insurance, or a posted indemnity bond, as required by 61-6-301. IF THE CARD IS ISSUED UNDER A COMMERCIAL AUTOMOBILE INSURANCE POLICY OR A SELF-INSURED FLEET, THE CARD MUST INDICATE THE STATUS AS "COMMERCIALLY INSURED" OR "FLEET".

(2) Each person shall carry in a motor vehicle being operated by the person an insurance card approved by the department but issued by the insurance carrier to the motor vehicle owner as proof of compliance with 61-6-301. A motor vehicle operator shall exhibit the insurance card upon demand of a justice of the peace, a city or municipal judge, a peace officer, a highway patrol officer, or a field deputy or inspector of the department. A person commits an offense under this subsection if the person fails to carry the insurance card in a motor vehicle or fails to exhibit the insurance card upon demand of a person specified in this subsection. ~~However, a person charged with violating this subsection may not be convicted if~~

(3) Beginning July 1, 2011, a person charged with violating subsection (2) may not be convicted if:

(a) the arresting officer or another person authorized to access information from the online verification system under [section 2] submits to the system a request that provides proof of insurance valid at the time of arrest; or

(b) if the system under [section 1] is not available, the person produces in court or the office of the

1 arresting officer proof of insurance valid at the time of arrest.

2 (4) In lieu of charging an operator who is not the owner of the vehicle with violating subsection (2), the
3 officer may issue a complaint and notice to appear charging the owner with a violation of 61-6-301 and serve the
4 complaint and notice to appear on the owner of the vehicle:

5 (a) personally; or

6 (b) by certified mail, return receipt requested, at the address for the owner listed on the registration
7 receipt for the vehicle or, following query through available law enforcement systems, at the address maintained
8 for the vehicle's owner by the jurisdiction in which the vehicle is titled and registered, or both."

9
10 NEW SECTION. Section 11. Repealer. Section 61-6-106, MCA, is repealed.

11
12 NEW SECTION. Section 12. Codification instruction. (1) [Sections 1 and 3] are intended to be
13 codified as an integral part of Title 61, chapter 6, part 1, and the provisions of Title 61, chapter 6, part 1, apply
14 to [sections 1 and 3].

15 (2) [Section 2] is intended to be codified as an integral part of Title 61, chapter 6, part 3, and the
16 provisions of Title 61, chapter 6, part 3, apply to [section 2].

17
18 NEW SECTION. Section 13. Effective date. [This act] is effective January 1, 2010.

19 - END -